



COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Benefits Administrator Memo #04-11

To: Benefits Administrators
From: Mary P. Habel, Director
State and Local Health Benefits Programs
CC: All OHB
Date: September 1, 2004
Re: ·Retiree Group Policies for Part-Time Classified Employees
·Enrollment Process When Moving from Full-Time to Part-Time

Retiree Group Policies

As a result of recent legislation that expanded eligibility for state health benefits coverage to include part-time classified employees, retiring part-time classified employees who are otherwise eligible for the State Retiree Health Benefits Program will be allowed to enroll for retiree coverage. Like full-time employees, retiring part-time employees must meet all of the following eligibility requirements to enroll in the program:

- They must be retiring state employees who are eligible for and elect to take an immediate monthly annuity from the Virginia Retirement System or an immediate periodic benefit from one of the qualified Optional Retirement Plan vendors. (Employees who defer their monthly benefit are not eligible.)
- They must have been employees of the state immediately prior to retirement and eligible for coverage as active employees (not including Extended Coverage).
- They must enroll within 31 days of their retirement dates.

Part-time classified employees who have waived active coverage but meet all of the above eligibility criteria at the time of retirement may enroll in single coverage as long as they do so within 31 days of their retirement dates. (Eligible family members may be added at Open Enrollment, if applicable, or due to consistent qualifying mid-year events.) After retirement, all other provisions of the retiree program will apply to these participants.

As a reminder, based on the legislation, part-time faculty members are not eligible for state health benefits coverage and, as a result, would not be eligible for retiree coverage based on their part-time employment.

Expanded eligibility has other implications relating to State Retiree Health Benefits Program participants who are hired as part-time classified employees. In general, retiree group participants (including retirees, survivors or their covered dependents) who become eligible for active coverage must leave the retiree group and enroll in coverage as active employees. For those eligible for Medicare, this will result in moving from a Medicare-coordinating plan to a non-Medicare plan. We would strongly encourage Benefits Administrators to contact the Office of Health Benefits for assistance with these complex enrollment situations; however, some examples illustrating the impact on retiree group participants are attached for your reference.

Enrollment for active coverage will require either the completion of an enrollment form or enrollment through EmployeeDirect within 31 days of the date of hire.

The Office of Health Benefits has identified active employees who are currently covered in the retiree group. If you have an employee in this circumstance, you will be contacted and assisted with transitioning her/him to the correct coverage category.

Enrollment Process for Employees Moving from Full-Time to Part-Time

When an employee moves from a full-time to a part-time classified position, coverage in the active plan will be terminated. The part-time employee remains eligible for the program, but must re-enroll within 31 days of the change from full-time employment to part-time employment status. The effective date for the new enrollment will be made prospectively and while membership may be reduced, no plan changes may be made.

The participant may be eligible to enroll in Extended Coverage if the 31-day window is missed or should there be a one-month break in coverage due to the prospective date rule. Participants enrolled in Extended Coverage due to missing the 31-day window will be eligible to enroll in active coverage during the next open enrollment or with a consistent qualifying mid-year event (i.e., beginning full-time employment, HIPAA Special Enrollment).

Attachment

IMPACT ON RETIREE GROUP PARTICIPANTS HIRED AS PART-TIME CLASSIFIED EMPLOYEES

- **Retirees** enrolled in the State Retiree Health Benefits Program and who return to work in a part-time classified position will be required to enroll in the active plan if they wish to continue coverage under the state program. This will result in a pre-tax benefit for those whose pay supports the full amount of their premium by payroll deduction. If the employee's part-time pay is not sufficient to cover the premium obligation, the premium will need to be paid directly to the agency payroll office. Those individuals who have been enrolled in a Medicare-coordinating plan based on their retiree coverage will now be covered in a non-Medicare plan by virtue of their coverage as current, active employees. Under those circumstances, employees may wish to contact Medicare to discuss suspension of their Part B coverage. (See the Medicare FAQ listed at the end of this attachment for additional information regarding Medicare Part B.) Upon retirement from the part-time classified position, all eligibility criteria and retiree program provisions will again apply.
- **Covered dependent spouses** in the retiree group who are hired as part-time classified employees must enroll in the active plan in order to continue their state coverage. The retiree may choose to waive his/her retiree coverage to be covered as a dependent under the active spouse's plan or may choose to remain in retiree coverage. Under these circumstances, retirees should review the benefits of active versus retiree coverage—see note* below.
- **Covered dependent children** in the retiree group who are hired as part-time classified employees must enroll in the active plan in order to continue their state coverage.
- **A retiree who has waived his/her own retiree coverage** to be a dependent of his/her spouse who is also a state retiree and who then resumes employment on a part-time classified basis may choose to be covered in his/her own right as a retiree or continue his/her waiver as a dependent under the active spouse's coverage. Under these circumstances, retirees should review the benefits of active versus retiree coverage—see note* below.
- **Survivors** covered under the State Retiree Health Benefits Program who accept positions as part-time classified employees must terminate their retiree group coverage and enroll in the active employee plan. However, upon termination of part-time employment, they will be allowed to re-enroll as survivors as long as they do so within 31 days of their loss of active coverage; have maintained continuous coverage in the state program; and, are otherwise eligible for coverage based on the eligibility provisions for annuitant or non-annuitant survivors, as applicable. If they accrue enough service to retire, and they meet all of the other eligibility requirements for retiree coverage, they may, of course, enroll in their own right as retirees.
- **Extended Coverage participants** who are hired in part-time classified positions should enroll in the active employee plan if they wish to continue their state health plan coverage. If they enroll in active coverage and their part-time classified employment is terminated, they will be offered Extended Coverage again based on the latest termination of employment event (unless they are terminated for gross misconduct).

*Note: For Medicare-eligible participants, being covered by virtue of their own or their spouse's current, active employment results in Medicare being secondary coverage. Coverage as a retiree results in Medicare being primary. (Coordination of benefits rules may differ for individuals eligible for Medicare due to End Stage Renal Disease.) Retirees in this situation need to look at their individual circumstances and compare the benefits of potential pre-tax savings (if covered and payroll deducted under the active plan) along with coverage, premium and Health Insurance Credit differences between the active plan and the retiree plan (including the cost of Medicare Part B).

Information from the Medicare Web Site regarding dropping Medicare Part B coverage

	Question
	<p>I enrolled in Medicare Parts A and B but am still working (or went back to work). I did not realize my employer group health insurance was the primary payer. Can I drop Part B now and enroll in Part B again when I retire? Will I have to pay higher premiums when I enroll in Part B again?</p>
	Answer
	<p>If you are working and covered by your employer group health insurance, your Part B benefits may be of limited value to you as long as your group health insurance is the primary payer of your medical bills.</p> <p>If you have Medicare Part B and decide to drop it while you are working and covered by your employer group health insurance, you can sign up for Medicare Part B again during your Special Enrollment Period. As long as you enroll in Part B during your Special Enrollment Period, you will not have to pay a higher Part B premium.</p> <p>The Social Security Administration handles Medicare enrollments. If you want to drop your Part B or have more questions about enrolling in or dropping Medicare Part B, you should call the Social Security Administration at 1-800-772-1213.</p>